

STATE SENATOR • VIRG BERNERO • 23RD DISTRICT

Bernero Press Release

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SENATOR BERNERO CALLS FOR INDEPENDENT AUDIT OF CATASTROPHIC INSURANCE FUND

(Lansing) – State Senator Virg Bernero (D-Lansing) today announced that he will introduce legislation later this week to require an independent audit of the Michigan Catastrophic Claims Association (MCCA).

The MCCA is the quasi-governmental organization that fixes the level of the annual MCCA assessment, which is paid by every motorist in Michigan as part of their auto insurance premiums. Funds collected through the MCCA assessment are used to pay the cost of medical claims that exceed \$300,000 under Michigan's no-fault insurance law. On Monday, the MCCA announced that their assessment would increase by 45% over last year, to a new level of \$100.20 per vehicle, effective July 1.

Sen. Bernero noted that the MCCA assessment was less than \$6 per vehicle just three years ago. "It is absolutely outrageous that this assessment could increase by almost 2000% in 36 months. It is high time for ratepayers and lawmakers to be able to get to the bottom of the MCCA assessment," Sen. Bernero said. "We need to shine a bright light into this dark corner of the insurance industry and see what we find," he said.

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The MCCA board argues that the increase is justified on the basis of rising health care costs and low investment returns, but Sen. Bernero said he wants independent verification of their assertions. “This is a group of insurance industry executives that sets our rates in secret meetings. We’re being asked to accept their word that this increase is justified. That’s not good enough,” Bernero said.

Legislation also has been introduced in the Senate to make the MCCA board subject to the Michigan Open Meetings Act and the Freedom of Information Act. The bills are sponsored by Senator Mark Schauer (D-Battle Creek). Sen. Bernero said the Schauer bills complement his audit legislation and said he hoped the bills would move through committee together as a comprehensive MCCA reform package.

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